



Office of the City Manager

ACTION CALENDAR
February 19, 2019

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Paul Buddenhagen, Deputy City Manager
Subject: Companion Report: Resolution Declaring City of Berkeley Will Not Invest City Funds in Any Entity Involved in the Production or Upgrading of Weapons

RECOMMENDATION

Continue to support the City of Berkeley’s existing investment policy which prohibits investments in gun manufacturers.

FISCAL IMPACTS OF RECOMMENDATION

The City anticipates no additional staff time in continuing the existing policy.

CURRENT SITUATION AND ITS EFFECTS

At its September 17, 2018 meeting, the Peace and Justice Commission unanimously adopted the following recommendation: declaring that the City of Berkeley will not invest City funds in or contract with any entity involved in the production or upgrading of weapons.

M/S/C: Bohn/Kenin
Ayes: Maran, Watson, Lippman, Bohn, Kenin, Chen
Noes: None
Abstain: None
Absent: Pancoast

At its regular meeting January 7, 2019, the Peace and Justice Commission unanimously adopted a revised version of the resolution it adopted in September 2018. The revised recommendation removed the ban on contracting with entities involved in the production or upgrading of weapons, confining its scope to the investment of City funds in such entities.

M/S/C: Bohn/Meola
Ayes: al-Bazian, Bohn, Hariri, Han, Lippman, Maran, Meola, Morizawa, Pancoast, Rodriguez
Noes: None
Abstain: None
Absent: Chen

The Commission recommends that the City Council formally declare its opposition to investing City funds in any entities that are involved in the production or upgrading of weapons and weapons systems, whether conventional or nuclear.

The City Manager supports the sentiment behind the commission's recommendation, and appreciates that the Peace & Justice commission removed a prohibition on contracting with entities that are involved in the production or upgrading of weapons, including the manufacture of civilian arms. The contracting prohibition would have had dire impacts on the City's ability to have a functioning police department. City staff are still concerned, however, that the Peace and Justice Commission resolution does not sufficiently define weapons and could inhibit the City's ability to invest in treasury funds if a broad definition of banning investments in entities involved in the production or upgrading of weapons was applied. This ambiguity would make the proposed resolution difficult for City staff to interpret and implement. The City's current investment policy aligns with the intent of the proposed resolution, and therefore City staff do not recommend further amending the current investment policy.

BACKGROUND

The City of Berkeley has a long and commendable history of responsible investing. The City's investment policies, which were updated in 2018, include the requirement to comply with ordinances, resolutions and directives listed below:

- Nuclear-Free Berkeley Act
- Resolution No. 59,853-N.S.-Oppressive States Contract prohibition
- Divestment from Gun Manufacturers and Tobacco Companies
- Divestment from Publicly Traded Fossil Fuel Companies and Banks that Finance Pipelines and Fossil Fuel Infrastructure
- Divestment from Prisons Resolution No. 67,640-N.S. and Immigration Detention Companies
- Divest from Any Companies Designing, Building or Financing the U.S. – Mexico Border Wall Resolution No. 67,865-N.S.

Regarding gun manufacturers, the City's investment policy states, "*Staff responsible for managing the City's investment portfolio are directed to divest all City funds held in gun manufactures...and are prohibited from making any new investments in such companies.*"

Staff appreciates and supports the Peace and Justice Commission's intent to reduce financial support for companies that produce or upgrade weapons, and believes that the City's current investment policies are designed to accomplish that goal.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

The current investment policy aligns with the intent of the proposed resolution, while allowing City staff to continue to invest in Treasury Funds.

ALTERNATIVE ACTIONS CONSIDERED

Council could consider referring the topic to the Budget and Finance or Public Safety Policy Committee.

CONTACT PERSON

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